

Exhibit No. 42

Exhibit No: _____
Issue: **Issue 1: Rate Structure**
Issue 2: Rate Design
Witness: **Scott A. Weitzel**
Type of Exhibit: **CCOS Rebuttal Testimony**
Sponsoring Party: **Spire Missouri Inc.**
Case No: **GR-2021-0108**
Testimony Date: **June 17, 2021**

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

CLASS COST OF SERVICE REBUTTAL TESTIMONY

OF

SCOTT A. WEITZEL

JUNE 17, 2021

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1 **CCOS REBUTTAL TESTIMONY OF SCOTT A. WEITZEL**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Scott A. Weitzel and my business address is 700 Market Street, St. Louis,
4 Missouri 63101.

5 **Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO PREVIOUSLY FILED**
6 **DIRECT TESTIMONY IN THIS PROCEEDING?**

7 A. Yes, I submitted direct testimony on behalf of Spire Missouri Inc. (“Spire” or “Company”)
8 in this rate case.

9 **I. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my testimony is to respond to the issues raised and positions taken by
12 witnesses for the Staff of the Missouri Public Service Commission (“Staff”), the Office of
13 Public Counsel (“OPC”), and other parties as presented in their direct testimony on class
14 cost of service (“CCOS”) filed on May 26, 2021. Concurrently with the filing of my
15 rebuttal testimony on CCOS issues, I am also filing rebuttal testimony in response to the
16 revenue requirement testimony filed by Staff and other parties on May 12, 2021.

17 **Q. HOW IS YOUR CCOS REBUTTAL TESTIMONY ORGANIZED?**

18 A. My testimony is organized to track the general format of Staff’s Class Cost of Service
19 Report (“Staff CCOS Report”) filed on May 26, 2021, specifically sections on general Rate
20 Structure and Rate Design, Consolidation of Rate Districts, Residential Rate Design for
21 Spire East and Spire West, Non-Residential Rate Structure and Design, and Concerns with
22 System Growth and Attrition, as well as responding to Staff’s alternative RNA, the
23 Weather and Conservation Adjustment Rider. I then respond to OPC witness Lena

1 Mantle’s testimony on proposed changes to the Company’s Weather Normalization and
2 Adjustment Rider (“WNAR”).

3 **Q. ARE YOU ADOPTING THE DIRECT TESTIMONY AND SCHEDULES**
4 **PREVIOUSLY FILED BY COMPANY WITNESS WESLEY SELINGER?**

5 A. Yes.

6 **II. RESPONSE TO STAFF’S GENERAL RATE STRUCTURE AND RATE**
7 **DESIGN**

8 **Q. WHAT IS SPIRE’S GENERAL POSITION IN RESPONSE TO STAFF’S RATE**
9 **STRUCTURE AND RATE DESIGN PROPOSALS AS CONTAINED IN ITS CLASS**
10 **COST OF SERVICE REPORT?**

11 A. In general, the Company supports Staff’s rate structure and rate design recommendations,
12 with a few refinements or revisions that will be discussed below. Spire appreciates Staff’s
13 willingness to support the Company’s requested change to Ccf from Therms as the basis
14 for Spire East’s customer bills and supports the overall goal of rate continuity/non rate
15 switching. However, there are certain areas where the Company is not yet aligned with
16 Staff, including the consolidation of rate districts, rate design, the residential retention
17 program proposed by Staff, RNA adjustments, and the use of an inclining block rate
18 structure during summer months.

19 **III. CONSOLIDATION OF RATE DISTRICTS**

20 **Q. IN YOUR DIRECT TESTIMONY YOU PROPOSED ELIMINATING THE**
21 **SEPARATE TARIFFS FOR SPIRE EAST AND SPIRE WEST AND**
22 **CONSOLIDATING THE EAST AND WEST RATE STRUCTURES INTO ONE**
23 **COMMON SPIRE RATE STRUCTURE. HOW DID STAFF RESPOND?**

1 A. Staff does not support the consolidation of rate districts at this time, in large part due to the
2 impact on customer bills. Staff's CCOS Report found that Spire East rates should increase
3 by approximately 3.7%, and Spire West rates should increase by approximately 22.9% in
4 order to fully recover the cost of service and incorporate the current ISRS amounts. (Staff
5 CCOS Report at page 15.) Staff notes that incorporating these increases as a blanket
6 adjustment to rates in each district would result in highly disparate percentages differences
7 between rate districts.

8 **Q. DO YOU AGREE WITH STAFF'S CONCLUSIONS?**

9 A. Not completely. Other utilities in the state have achieved rate consolidation or have moved
10 towards rate consolidation. Spire appreciates that Staff's rate design and rate structure
11 recommendations are designed to achieve greater rate continuity, while at the same time
12 minimizing customer impacts given the magnitude of the rate increase anticipated. The
13 Company supports Staff's overall goal to better align rate structures across the rate districts
14 in order to facilitate eventual consolidation of Spire East and Spire West. Company witness
15 Tim Lyons discusses other recommendations on how to address rate continuity which are
16 a different approach to Staff's recommendation.

17 **IV. RESIDENTIAL CUSTOMER CHARGE**

18 **Q. WHAT IS STAFF'S RECOMMENDATION REGARDING RESIDENTIAL**
19 **CUSTOMER CHARGES FOR SPIRE EAST AND SPIRE WEST?**

20 A. Staff recommends that the Spire West customer charge should be retained at \$20.00 and
21 that the Spire East customer charge should be retained at \$22.00. (Staff CCOS Report, page
22 25.)

23 **Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION?**

1 A. Spire believes a customer charge of \$22.50 to be appropriate for all of its residential
2 customers. Staff notes that if the Commission would order alignment of the Spire East and
3 Spire West residential rate schedules at Staff’s recommended residential revenue
4 requirements, setting the customer charge at \$22.50 would result in volumetric rates that
5 are very similar between the rate districts. This is consistent with Staff’s acknowledgment
6 of moving closer towards rate consolidation. This is Spire’s goal as well. This alternative
7 is also consistent with the Company’s proposed customer charge. Since there is a greater
8 rate impact on the West side of the state it makes sense to increase the customer charge
9 there, which was done in Staff’s alternative residential customer charge recommendation.

10 **V. VOLUMETRIC RATES/INCLINING BLOCK RATE STRUCTURE**

11 **Q. STAFF WOULD LIKE THE SUMMER INCLINING BLOCK DESIGN**
12 **ESTABLISHED IN THE LAST RATE CASE TO CONTINUE. (STAFF CCOS**
13 **REPORT, PAGE 26.) DO YOU AGREE?**

14 A. No, I do not. The rationale behind the summer inclining block rate is that it can encourage
15 energy efficiency because the customer pays more per unit of energy consumed at the
16 higher levels of usage. The reality is that there is very little natural gas conservation during
17 the summer months. Our customers’ usage is very seasonal. There is such a small
18 percentage of customers impacted by this rate structure that it seems unnecessary.

19 **VI. RESIDENTIAL RETENTION OPTIONAL SCHEDULE**

20 **Q. STAFF RECOMMENDS THE CREATION OF A RESIDENNTIAL RETENTION**
21 **RATE OPTIONAL RATE SCHEDULE TO ADDRESS ALLEGED ATTRITION**
22 **ISSUES. (STAFF CCOS REPORT, PAGES 27-28.) HOW DOES THE COMPANY**
23 **RESPOND TO STAFF’S RECOMMENDATION?**

1 A. While Spire appreciates Staff’s creativity with proposing this schedule, and Spire is
2 interested in exploring ways to make rates more affordable for low-use customers, Spire
3 does not believe that a residential retention rate schedule is necessary or appropriate. The
4 rationale behind the proposed residential retention schedule is to address Staff’s attrition
5 concerns. However, Spire does not believe the attrition issues to be as significant as Staff
6 suggests. Staff’s calculation for attrition uses meter numbers from 2017 and compares the
7 number of meters removed without replacement to new meters added to assess the
8 difference between number of meters in 2017 and 2021. This is not an apples-to-apples
9 customer gain versus customer loss comparison because of potential timing differences.
10 Spire is also unclear as to where Staff’s data regarding new meters installed originated.
11 Spire’s data shows new residential meters added for the January 2017-March 2021 time
12 period, the same time period utilized by Staff, as 11,009 meters added for Spire East, and
13 15,289 meters added for Spire West. Staff’s data indicates that only 8,787 new meters were
14 installed for Spire East and 12,179 for Spire West. The discrepancies in this data should
15 deescalate the attrition claims. Plus, the availability of this rate would be hard to
16 communicate to customers and set up in our systems. Those availability requirements are
17 “limited to structures that have received service for 108 months in the prior 10 years, or
18 have been equipped to receive gas service for 15 or more years...” The Company will work
19 with Staff on data to clarify growth and attrition concerns. Moreover, Spire shows net
20 positive customer growth throughout the state since the last rate case, with Spire’s daily
21 customer report averaging a 1.6% two-year growth rate. As a result, Spire does not believe
22 a residential retention rate is necessary and that the Customer Choice Billing Program

1 discussed in the Direct Testimony of Wes Selinger, adopted herein, is more appropriate at
2 this time.

3 **VII. SPIRE WEST NON-RESIDENTIAL RATE STRUCTURE AND DESIGN**

4 **Q. STAFF RECOMMENDS THAT THE SGS AND LGS RATE SCHEDULES BE**
5 **REALIGNED TO MITIGATE RATE SWITCHING-. DO YOU AGREE WITH**
6 **STAFF’S RECOMMENDATION?**

7 A. Spire’s supports Staff’s efforts to mitigate rate switching. However, Spire feels this can be
8 done without having multiple volumetric pricing blocks. Currently East/West SGS and
9 LGS customers only have one volumetric rate and the Company feels this single volumetric
10 rate needs to be maintained. The Company is open to different scenarios of customer
11 charges and volumetric charges to achieve Staff’s goal.

12 **Q. STAFF PROPOSES TO CREATE A NEW TRANSPORTATION CLASS FOR**
13 **SPIRE WEST. DOES SPIRE SUPPORT THIS RECOMMENDATION?**

14 A. Yes.

15 **Q. STAFF RECOMMENDS THAT CHARGES FOR UNMETERED GAS LIGHTING**
16 **BE ADJUSTED AS A UNIFORM PERCENT ADJUSTMENT OF ALL RATE**
17 **ELEMENTS. STAFF ALSO RECOMMENDS THAT SPIRE TAKE ACTION TO**
18 **ENSURE ESTIMATED USAGE FOR UNMETERED GAS LIGHTING IS**
19 **ACCURATE. DOES SPIRE HAVE ANY ISSUES WITH EITHER OF THESE**
20 **PROPOSALS?**

21 A. No. Adjusting charges for unmetered gas lighting is acceptable to Spire. Further, Spire is
22 willing to assess its current methods for estimating unmetered gas lighting to ensure
23 accuracy so that Staff’s concerns are addressed.

24 **VIII. SPIRE EAST NON-RESIDENTIAL RATE STRUCTURE AND DESIGN**

1 **Q. STAFF NOTES THAT DUE TO CHANGES IN RATE STRUCTURE FROM**
2 **SPIRE’S LAST RATE CASE, SPIRE EAST’S NON-RESIDENTIAL RATES ARE**
3 **NOT AS POORLY ALIGNED AS THE SPIRE WEST RATES. AS A RESULT,**
4 **STAFF RECOMMENDS THAT THE REASONABLE TRANSITION FROM ONE**
5 **RATE TO ANOTHER (RATE CONTINUITY) BE CONSIDERED AND**
6 **IMPLEMENTED TO THE GREATEST EXTENT POSSIBLE. DO YOU AGREE?**

7 A. Yes. Spire is highly supportive of Staff’s rate continuity goal, but does not support block
8 rates for the Small General Service and Large General service rate classes. Spire prefers to
9 retain the single blocks it currently has in place for the SGS and LGS rate classes. This
10 allows for clearer and simpler bills for our customers to understand. There are other
11 effective methods of achieving rate continuity (adjust customer charge or single
12 volumetric, etc.)

13 **Q. STAFF RECOMMENDS THE ELIMINATION OF THE INTERRUPTIBLE RATE**
14 **SCHEDULE FOR SPIRE EAST. WHAT IS YOUR RESPONSE?**

15 A. Spire supports the elimination of the interruptible rate schedule. As noted in its direct case,
16 current interruptible customers can migrate to Spire’s proposed Seasonal tariff. Spire also
17 proposed eliminating its Large Volume and Vehicular Fuel classes. There are only a
18 handful of customers utilizing the Vehicular Fuel rate and these customers could be moved
19 to another l Service tariff.

20 **IX. SYSTEM GROWTH AND ATTRITION**

21 **Q. STAFF MENTIONS THROUGHOUT ITS CLASS COST OF SERVICE REPORT**
22 **THAT SPIRE EAST IN PARTICULAR HAS EXPERIENCED NET ATTRITION**
23 **THAT RESULTS IN UNDERUTILIZED INFRASTRUCTURE. DOES THE**
24 **COMPANY AGREE WITH STAFF’S CONCLUSIONS?**

1 A. As previously discussed, Spire does not believe that the attrition is as significant as that
 2 suggested by Staff. Please see chart below that represents Spire east growth from 2017-
 3 2020. East has always been in a net customer growth position during this time. As
 4 previously stated, the Company will work with Staff to discuss internal recordkeeping
 5 information regarding system growth and attrition, including the possibility for an informal
 6 or formal technical conference.

MO EAST	YOY Customer		
	Average	YOY Growth %	Growth/Loss
2017 Actual	649,678	0.420%	2,720
2018 Actual	653,620	0.607%	3,942
2019 Actual	654,681	0.162%	1,062
2020 Actual	658,738	0.620%	4,056

8 **X. WEATHER AND CONSERVATION ADJUSTMENT RIDER**

9 **Q. STAFF SUPPORTS BUT MODIFIES SPIRE’S PROPOSED RATE**
 10 **NORMALIZATION ADJUSTMENT (“RNA”) AS A MECHANISM TO INSULATE**
 11 **SPIRE FROM FLUCTUATIONS IN RESIDENTIAL AND SMALL GENERAL**
 12 **SERVICE CUSTOMER USAGE DUE TO WEATHER AND CONSERVATION.**
 13 **DOES SPIRE SUPPORT THE RNA AS MODIFIED BY STAFF?**

14 **A.** In most part, we do. Spire appreciates Staff’s willingness to consider the RNA, and
 15 conceptually Staff and the Company are aligned. The RNA mechanism is paired with a
 16 two-block rate design, and the primary difference between Spire’s proposed RNA and
 17 Staff’s RNA is the block break for the Residential class (block 2). Spire proposed a block
 18 break at 30 ccf for the block 2 and Staff is proposing a residential block break at 50 ccf.
 19 Spire maintains that 30 ccf for residential is a more appropriate value given historical
 20 usage. Please also see Company witness Lyons’ discussion of RNA blocks in his rebuttal
 21 testimony.

1 **Q. HOW DID SPIRE DETERMINE THAT A 30 CCF BLOCK IS APPROPRIATE?**

2 A. Spire modeled the design of the RNA based upon Ameren Missouri’s Delivery Charge
3 Adjustment (“DCA”) Rider, as approved by the Commission in GR-2019-0077. The
4 DCA Rider is fundamentally identical to the RNA proposed by Spire, including the 30
5 ccf residential block. Spire believes that it and Ameren have similar load profiles which
6 justify utilizing similar blocks. Witness Lyons also looked at load profiles of the first
7 block to support this recommendation.

8 **Q. DID OPC PROPOSE CHANGES TO THE WNAR IN CCOS DIRECT?**

9 A. Yes. Witness Lena Mantel provided a redlined WNAR tariff with many changes. The
10 Company appreciates Mrs. Mantle’s efforts to simplify the WNAR tariff, however, we feel
11 that it is time to move away from the WNAR tariff and embrace concepts of a Rate
12 Normalization Adjustment rider. As stated above, this is nearly identical to a Commission-
13 approved delivery charge adjustment rider for Ameren Missouri Gas. This is also
14 supported in Section 386.366(3) RSMo., which permits a utility to submit tariffs to account
15 for impact on utility revenues due to variations in weather, conservation, or both. We feel
16 a tariff that looks at weather and conservation is the next step in Missouri regulatory policy
17 for Spire, and believe we should have a similar tariff to what is already approved by the
18 Commission and used by another Missouri gas utility.

19 **Q. DOES THE COMPANY HAVE ANY COMMENTS ON STAFF’S CORRECTED**
20 **CLASS COST OF SERVICE TESTIMONY?**

21 A. Not at this time, but the Company is still reviewing the information filed by Staff on June
22 9, 2021. The Company may address specific items in surrebuttal testimony.

23

XI. CONCLUSION

1

2 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY REGARDING**
3 **CLASS COST OF SERVICE?**

4 **A. Yes, it does.**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Spire Missouri Inc.'s d/b/a)
Spire Request for Authority to Implement a General) **Case No. GR-2021-0108**
Rate Increase for Natural Gas Service Provided in)
the Company's Missouri Service Areas)

AFFIDAVIT

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Scott A. Weitzel, of lawful age, being first duly sworn, deposes and states:

1. My name is Scott A. Weitzel. I am the Managing Director, Regulatory and Legislative Affairs at Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri, 63101.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri Inc.
3. Under penalty of perjury, I declare that my answers to the questions contained in the foregoing rebuttal testimony are true and correct to the best of my knowledge and belief.



Scott A. Weitzel

6/17/2021

Date